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## INTRODUCTION

By ROBERT W. BALDERSTON

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the American Relief Administration (Herbert Hoover, Chairman)

THIS number of *The Annals* has been projected and edited in the belief that almost all careful students agree now that the future security of the world, and particularly of the Entente, is dependent upon an immediate and permanent revival of German industry, and that a prostrate and exhausted Germany is a menace to all mankind.

The old-time industrial leader of Germany thinks that the recovery of Germany's industry will come about through "work." By this, he means the prompt return to prewar labor conditions—pure and simple. He wants again to have an abundant supply of workers, fed by the ever-increasing birthrate; these workers to be trained through the medium of apprenticeships. Upon graduation at the age of fourteen from the elementary *Volksschule*; to be paid the lowest wage compatible with physical well-being (supplemented by pensions for injury and old age); housed in homes owned or controlled by the employer or the state; worked as many hours per week as the human body will stand; and finally controlled entirely by the *Direktion* as to labor "policies," social and economic.

Naturally the labor leaders do not share this view. They may have wide differences but they all share in demanding for the worker some part in management—at least in so far as management relates to labor matters.

The present government, under the influence of the Majority Socialist leaders, has granted sweeping changes in the old order through legislation, and the workers themselves, in many

industries, have forced on their employers more favorable agreements than they ever dreamed of before the war.

There is a strong undercurrent toward state socialism, and some sympathy for the ideas of the Russian bolshevist.

The rank and file of German workmen themselves seem to have one idea firmly imbedded in their minds,—that they will not go back to the prewar conditions that had stunted and hemmed in their lives. Just as they will not again be subservient to a military despotism, so they will have equal social and educational opportunities, and they will hereafter have some kind of industrial freedom. Just what school of thought or group of leaders they will follow, or what will be the final outcome, cannot now be foreseen. Much depends on the ability of any party to secure improved living conditions. Failure to improve the present situation on the part of those in authority may mean the adoption of straight socialism in government policies or, in the final extremity, even a revolutionary upheaval under the "Red" banner. In this last event it is possible that arbitrary capitalistic control may be regained as a reaction in the exhaustion following a bolshevist régime.

Most significant and far-reaching experiments are being projected at present, and it is to be hoped that there will be sufficient time and opportunity afforded to give them a thorough "try-out." These have the support of many sincere and thoughtful authorities, of economists and of many in-

fluential political and industrial leaders of the newer schools.

#### AGRICULTURE AND FOOD

The old German government relied on the docility and the lack of organization of the peasant class to continue to produce a minimum amount of food during the war under restrictions so severe as to drive a more versatile group either into other lines of endeavor or into open rebellion. It is marvellous that production did not fall lower than it did. But even so, the food supply fell off alarmingly. By 1918 it was not above 60 per cent of normal, though it is claimed that in 1913 the country had produced 85 per cent of the country's food requirements. Now in the fall of 1920, notwithstanding an excellent harvest the past summer, the government ration for the winter cannot be above 50 per cent of the normal requirements of the people. There are many causes contributing to this. (1) The peasants have in six years learned how to circumvent many regulations. (2) Richer people, especially in the smaller cities, get, through independent means, more than their share. (3) The farmer is reluctant to part with his products in return for the depreciated currency. (4) Lack of commercial activity continues to rob the farmer of the former supply of imported oil and grain by-products which he fed to his livestock, so the domestic meat supply is, therefore, still 40 per cent of prewar amounts, and the city milk supply is about one-sixth of normal. (5) Large agricultural areas have been cut off from political associations with the German government.

Importation of foods is so largely a question of borrowing power and exchange that future supplies from this source are entirely problematical. The efficiency of the workers must, therefore, remain at about the present con-

dition. How low this is can be appreciated only by actual observation. The American manager of the German plant of a large American corporation tells me that the labor in their foundry is all replaced every two weeks at present, though before the war most of the moulders had been with the company for years.

The percentage of malnutrition or undernourishment among the children is distressing. If this condition is allowed to continue, there can be no bright future for German industrial and economic recovery.

The author has no desire to offer any opinion regarding the question of the comparative desirability of reparations and indemnities in raw materials versus in finished products. The problem of securing sufficient coal and iron for German industries is dependent on the proper international trade agreement. Failing this, the Germans will be handicapped, regardless of how successful they may be in securing labor, other raw materials, or profitable orders for their finished products. Without employment, how can 65,000,000 people buy food, clothing, and shelter themselves, and what security is there against future internal disturbances and chaos that may readily drag all Europe down with it?

#### COMMERCE

Germany has been geographically predestined to be in the very center of European commerce. Hamburg is one of the world's great ports. The whole of eastern Europe will quite naturally look to Germany as a consumer of surplus food, and as a source of supply for much of the machinery and many of the manufactured products it needs. Meantime, racial and national prejudices, warfares and transportation breakdowns make impossible the trade relations necessary to put this into effect.

## INTRODUCTION

Her shipping gone, and bound by the many provisions of the treaty, Germany seems to realize that she is at the mercy of the world in shaping her future general commercial policies, and must expect to rely on coöperation with other nations to get adequate import and export opportunities.

### TRANSPORTATION

Germany's well-arranged railroad transportation has survived the war astonishingly well when one considers the strain to which it was subjected. Its former efficiency has been, in part, reëstablished during 1920, both as to personnel, rolling stock, and roadbed. Being largely a government-owned institution, this has been done through increasing the public debt in addition to heavier freight and passenger rates. The repair work afforded employment to many thousands at a time when it was greatly needed. Probably some replanning may be desirable to discard those lines which had to do solely with the military aspirations of the Kaiser. Natural and artificial waterways are apparently ready to play their former important rôle.

### LABOR

Meanwhile, progressive and alert German leaders are looking to the United States for new ideas and methods in industrial management to use in reorganizing the whole economic structure.

Everyone recognizes that if cheap labor is gone shops must be radically refitted and the most improved machinery installed to save labor and make its work more efficient. All authorities seem to agree that this must come promptly because the present machinery has been worn out during the war.

Standardization of product has not been properly developed. The industries which have operated largely

through very small factory units, as for instance the small tool industry, now need a purchasing and selling organization. Many factories have been built far from railroads or water transportation in order to get a monopoly of the cheap labor to be had in the less accessible districts. This advantage gone, these must permanently close down if they cannot be changed to meet the new conditions.

### CONCLUSIONS

After six months of personal opportunity to see Germany from the inside, the author has had many of his preconceptions concerning the real situation swept aside, and still others greatly modified. From the cold mathematical calculations which the exact German mind presents in the articles in this volume it seems almost impossible to find a ray of hope in the industrial future of that country, even with much more favorable readjustments than the Germans can ever hope to get from future discussions with the Entente concerning the Treaty of Peace.

On the other hand, no one has dared estimate the possibilities in renewed effort and increased efficiency and greater personal initiative on the part of the German workmen under more democratic control, both of government and of industry. A great body of the plain, solid, hard-working people have, through losing the war, gained a liberty and opportunity that most of them had not previously conceived possible or about which they had not thought much or even dreamed. Events during the past two years show with what tenacity they are holding on to that which they have gained even if their method of expression may seem to us very crude and often misdirected. This is the great force that can save Germany and help rebuild Europe if,

like the irresistible current of the great river Rhine, it can be confined within safe channels and harnessed up with the constructive forces of the world. Certainly all can now give fair consider-

ation to the facts as to social and industrial conditions in Germany, for these conditions must affect for good or ill the well-being of all the peoples of the world.